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Ukraine

Agricultural Situation

Ukraine's Parliament Adopts New Customs Tariffs 2008

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Report Highlights:

On May 16, 2008, Ukraine became the 153rd member of the WTO. Despite this achievement, Ukraine still needs to adopt legislation to comply with their commitments. More troubling, the Ukrainian Parliament recently passed a new Customs Tariff law that does not comply with their WTO commitments. If implemented, tariff rates for items classified as sensitive will not see tariff reductions until January 1, 2009

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Kiev [UP1]
[UP]

[Note! This report describes the agricultural situation in Ukraine as of June 5, 2008. The purpose of the report is to educate potential exporters (especially exporters of red meat and poultry) to the risks associated with unpredictable tariff changes.]

On May 16, 2008, Ukraine officially became a WTO member. On the same day, the Ukrainian Parliament (the Rada) failed to adopt 5 outstanding WTO laws. The adoption of these laws is necessary to bring Ukrainian legislation into full compliance with Ukraine's WTO commitments. The most important – the Customs Tariff (Law Draft 2351-1) - was adopted with multiple amendments on June 3, 2008. The new draft law is yet to be signed by the President and published. If implemented, the new law will postpone tariff reductions for sensitive items (including meat products) until January 1, 2009.

Because the new customs tariff was not passed on May 16, the day of Ukraine's WTO accession, the Cabinet of Ministers of Ukraine ordered the Ukrainian Custom Service to use the tariff rates that Ukraine had committed to during accession negotiations. The Custom Service's Head Office in Kyiv issued Order #14/655-EP (dated May 16, 2008) instructing custom's officers to use the new lower rates. In that order, the Ukrainian Custom Service introduced tariffs as listed in the [Law Draft 2351](#) that was pending approval in the Rada.

Law Draft #2351 was introduced to the Rada by the Cabinet of Ministers of Ukraine. It would have lowered import duties for imported commodities to the applied levels agreed to in the WTO. Goods, which were currently imported at duty rates below the committed level, would remain at that lower level. The Law was supposed to be adopted and implemented by the date of WTO accession and the Rada considered the law the same day, but it failed to pass.

The legality of the Custom Service's Order that lowered tariff rates is being questioned and the passage of the new Customs Tariff law (2351-1) was a compromise because of the political infighting in the Rada. However, if this law is signed by the President and published, it's legality will also be in question because under Ukrainian law, international treaties that are adopted by Ukraine's Rada has precedence over domestic Ukrainian Laws.

[Law Draft 2351-1](#) will postpone tariff reductions for a variety of sensitive products until January 1, 2009 (please see HS list below). For all other items, tariffs that are currently above the applied rate would decrease to the applied rate. Those tariff lines currently below the negotiated applied rate would be increased to the applied rate.

The list of products in chapter HS 1-24 for which tariff reductions are postponed until January 1, 2009, are as follows: 0201 20 20 00, 0201 20 90 00, 0201 30 00 00, 0202 20 90 00, 0202 30 10 00, 0202 30 90 00, 0203 11 90 00, 0203 12 90 00, 0203 19 55 00, 0203 19 59 00, 0203 19 90 00, 0203 22 90 00, 0203 29 55 00, 0203 29 59 00, 0203 29 90 00, 0204 22 90 00, 0204 23 00 00, 0204 42 90 00, 0204 43 10 00, 0204 43 90 00, 0204 50 39 00, 0204 50 79 00, 0206 10 10 00, 0206 10 91 00, 0206 10 95 00, 0206 10 99 00, 0206 22 00 00, 0206 29 10 00, 0206 29 91 00, 0206 29 99 00, 0206 30 00 00, 0206 41 00 00, 0206 49 20 00, 0206 49 80 00, 0206 80 10 00, 0206 80 91 00, 0206 80 99 00, 0206 90 10 00, 0206 90 91 00, 0206 90 99 00, 0207 13 10 00, 0207 13 30 00, 0207 13 40 00, 0207 13 60 00, 0207 13 70 00, 0207 13 91 00, 0207 13 99 00, 0207 14 10 00, 0207 14 30 00, 0207 14 40 00, 0207 14 60 00, 0207 14 70 00, 0207 14 91 00, 0207 14 99 00, 0207 26 10 00, 0207 26 30 00, 0207 26 40 00, 0207 26 60 00, 0207 26 70 00, 0207 26 80 00, 0207 26 91 00, 0207 26 99 00, 0207 27 10 00, 0207 27 30 00, 0207 27 40 00, 0207 27 60 00, 0207 27 70 00, 0207 27 80 00, 0207 27 91 00, 0207 27 99 00, 0207 34 10 00, 0207 34 90 00, 0207 35 11 00, 0207 35 15 00, 0207 35 31 00, 0207 35 41 00, 0207 35 91 00, 0207 35 99 00, 0207 36 11 00, 0207 36 15 00, 0207 36 31 00, 0207 36 41 00, 0207 36 71 00, 0207 36 79 00, 0207 36 81 00, 0207 36 85 00, 0207 36 89 00, 0207 36 90 00, 0210 11 11 00, 0210 11 19 00, 0210 11 31 00, 0210 11 39 00, 0210 11 90 00, 0210 12 11 00, 0210 12 19 00, 0210 12 90

00, 0210 19 10 00, 0210 19 20 00, 0210 19 30 00, 0210 19 40 00, 0210 19 51 00, 0210 19 59 00, 0210 19 60 00, 0210 19 70 00, 0210 19 81 00, 0210 19 89 00, 0210 19 90 00, 0210 20 10 00, 0210 20 90 00, 0210 91 00 00, 0210 92 00 00, 0210 93 00 00, 0210 99 10 00, 0210 99 21 00, 0210 99 29 00, 0210 99 31 00, 0210 99 39 00, 0210 99 41 00, 0210 99 49 00, 0210 99 51 00, 0210 99 59 00, 0210 99 60 00, 0210 99 71 00, 0210 99 79 00, 0210 99 80 00, 0210 99 90 00, 0207 13 20 00, 0207 14 20 00, 0207 26 20 00, 0207 27 20 00, 1805-1806, 2204-2206.

The list includes almost all poultry, beef and pork products imported by Ukraine. If signed by the President, the Law will become a serious obstacle to trade in poultry products. The Ukrainian market reopened to U.S. poultry only a few weeks ago when the Customs Service lower applied tariff rates. If the tariffs jump to prohibitive levels again, then products that are in route will probably not be able to enter Ukraine.

This postponement of tariff reductions will also prevent beef and pork from entering Ukraine. The red meat market remains officially closed in Ukraine because the U.S. Veterinary System Audit has not yet been finalized by the Ukrainian Veterinary Service and other technical barriers to trade remain in place. Although FAS/Kyiv has confirmed that some small shipments of meat are taking place, the introduction new higher tariffs that are WTO inconsistent will completely shut down the market once again.